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*Cours d'Économie Politique.* Professé à l'Université de Lausanne.  
Par VILFREDO PARETO. Lausanne: F. Rouge, 1896-7.  
8vo. 2 vols., pp. 430 and 426.

IN these volumes political economy is considered as a science based on facts. The pure science is devoted to economic equilibrium, and therefore neglects the numerous disturbing forces. Consequently applied economics also becomes a science, not an art, and examines the nature of the disturbances which were disregarded in the discussion of the pure theory, so making the corrections necessary to adapt it more closely to the conditions of actual life. The author informs us that the two principles dominating the whole work are "successive approximations," and "the mutual interdependence of economic and social forces." The plan adopted is very effective; and in the arrangement of ideas employed in its development it is quite suggestive, while in many places throwing new light upon problems long thought to be familiar and settled.

Seventy pages of the first volume are devoted to pure theory, in which the author has very closely followed Walras in the selection of matter and in the general manner of treatment, but has omitted much of his unnecessary detail. He has followed Marshall in throwing his mathematical demonstration into footnotes. This treatment of the pure theory furnishes the first approximations of economic phenomena, considered as conditions of economic equilibrium, and it becomes the base for the successive approximations found in the remainder of the first volume and the whole of the second. After this short study of the pure theory, the remainder of the volume is given up to a study of capital, in which the author follows Walras in his division into *personnel*, *mobilier*, and *foncier*.

For convenience, Professor Pareto has defined capital as "an economic good that takes part in production more than once." The force of the definition is lost to an extent in that the author insists only upon its verbal integrity in several places in the text. Under the topic of *capitaux personnels*, there is an excellent discussion of the Malthusian theory. *Capitaux mobiliers* is chiefly devoted to money and banking. Here the author has shown how one may, with consummate skill and learning, utilize a great body of materials for the study of the statistical side of monetary problems. The prices and wages of many countries in ancient, mediæval, and modern times are examined and compared

in discussing changes in the value of money. No other writer has so compactly collated such varied and comprehensive data for the explication of this topic. The difficulties in the way of the use of index numbers and their abuse is pointed out. The difficulties which interfere with a clear conception of the term "appreciation" are fully discussed. At times it seems as if the author had gone out of his way to inveigh against bimetallists. He is a gold monometallist. His statement of doubts as to the reality of a general fall of prices, because index numbers do not give labor its due influence, is well worth a careful reading. As a whole, this topic is treated in a clear and incisive manner.

The subject of *capitaux fonciers* is chiefly devoted to the various forms of land tenure. Rent and quasi-rents are discussed in the second volume.

Economic treatises have set forth in abundance the reasons which have practically forced political economists into the adoption of a terminology that consists of words which are employed in ordinary language in a loose sense not proper to scientific expression. But in accordance with his idea of specialization of terms, Professor Pareto introduces a new one in order to distinguish two ideas which are generally recognized as requiring distinction. "Utility" has constantly been used with two meanings by political economists. Professor Pareto introduces the word *ophélimité*, with the corresponding adjective *ophélimé*, to be used for that sense of utility in which it refers to the power of any object or service to satisfy a need or desire—whether such satisfaction would be harmful or beneficial when judged from the standpoint of morals or general expediency. The necessity of introducing this term will always remain with many a debatable point. The use of the term adds considerably to the precision of the discussion.

The second volume is divided into Book II (Economic Organism, containing chapters on Social Evolution, Production, Commerce, and Economic Crises); Book III (Distribution and Consumption, treating of the Curve of Revenues, and Social Physiology; and a general résumé). The first chapter deals with sociology as much as with economics. In his treatment he criticises the various views of biologists, especially as to important points in the doctrine of evolution. The author insists upon the use of mechanical analogy, even if it be conceded that the biological view of society is helpful and useful. The necessity of considering the series of conditions during the process of

change from one economic state to another is clearly shown ; therefore we must consider a dynamic as a series of static problems. The distinction is also made in this chapter that *opélimité* is the principal factor in the study of economic equilibrium ; but in all legislative reforms of society *utility* is the important one. There is a clear statement of the difference between individual and social utility ; but the detailed study of these ideas and their mutual dependence is left for future writers. The chapter on Production is a further approximation of the theory found in the first volume ; and the "coefficients of production" of Walras are employed in its solution. The doctrine of rent is treated historically, and places the Ricardian exposition in its proper connection with more modern and developed views. It seeks to confirm the classical school of economists. In the chapter which deals with commerce occurs an excellent study of the true function of speculation. A large portion of this chapter is given up to a discussion of the effects of protective tariffs and coalitions. One of his conclusions in regard to protection—that, of the two, the protection of agriculture is productive of less evil than the protection to manufacturers—will not be accepted by many of his readers. The author's treatment of coalitions is an admirable historical exposition of the subject ; but it seems as if a complete development from the mathematical standpoint would have been preferable, for it is in this field that the mathematical method achieved its first great success.

"*La courbe des revenus*" is the most original and suggestive chapter in the work. It presents the results of an exhaustive statistical study of the distribution of wealth in different epochs and countries. A striking similarity runs through this distribution ; and from this the deduction is made that the causes which determine this distribution are to be sought in the very nature of man, not in variations of environment. This important result is made use of in the refutation of socialism, in discussing pauperism, and the curve of demand and supply ; and is also appealed to as a proof of the untruthfulness of the idea that "the rich are growing richer and the poor poorer." In his treatment of this subject, Professor Pareto vehemently denies that there is any relation between his law of distribution and the "laws of distribution of errors ;" this has drawn him into a controversy with Professor Edgeworth. It is to be deprecated that there is not a clear statement of what income and distribution are.

Professor Pareto's treatise is many-sided, and its strength does not

lie in its theory any more than in the satisfactory treatment of details, which have been digested into a coherent system. In many respects it is a model of method. The author's facile use of history, statistics, and biology show his breadth of learning, and the fitness of the examples drawn from these subjects bears witness to his grasp of the subject. One cannot help admiring the skillful use of statistics, as premises and tests of the theories found in the work. There are many contributions to economic history and the history of economics contained in the footnotes.

The volumes are a refutation of the idea that mathematical modes of thought are unprofitable in economic science. The topics selected for mathematical treatment are well chosen, and the author has been no less discriminating in what he has omitted than in what he has included.

FRED D MERRITT.

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*Principes d'Économie Politique.* Par CHARLES GIDE. Sixième édition, refondue et augmentée. Paris : Larose & Forcel, 1898.

IN the main M. Gide's positions and views upon economic questions are well known ; except for some important changes, therefore, this sixth edition of his *Principes* would call for little more than a notice of its appearance, with a cordial recognition of the merits of method and temper which will doubtless in due time make still another edition necessary.

But the modifications and expansions shown in these successive editions possess a special importance, as indicating not merely the course of development of the author's own thinking, but also as furnishing a record of the direction and tendencies of current economic thought in general. It is, for example, worth noting that our author is becoming more and more avowedly an Austrian. Not that his exposition has changed appreciably toward subtlety and detail, nor that he discloses any marked disposition to accept the obsolescent psychology which underlies the Austrian positions in their unmitigated form ; but he is of the demand school -- he regards cost of production as an effect of value rather than as a cause -- discards labor as a basis or measure of value, and accepts utility instead of effort as the determining force in value adjustments.